

Senate Bill No. 1560

CHAPTER 412

An act to amend Section 25503.22 of the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 27, 2008. Filed with
Secretary of State September 27, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1560, Yee. Alcoholic beverages: licenses.

Existing law provides that a retail on-sale license may be issued or transferred to any person with respect to premises which are an integral part of a restaurant owned by, or operated by or on behalf of, the licensee, notwithstanding that a wholesaler licensed to sell alcoholic beverages in states other than California has an interest in the premises, license, or licensee if (1) the licensee purchases no alcoholic beverages for sale in this state from other than a California wholesaler, nor purchases alcoholic beverages from any wholesale licensee or manufacturer holding specified ownership interests and (2) no more than 30% of the revenues of the restaurant are derived from the sale of alcoholic beverages.

This bill would expand that license issuance and transfer provision to provide that a retail license may be issued, transferred, or renewed to any person with respect to premises which are owned by, or operated by or on behalf of, the licensee and would revise one of the conditions of the issuance, transfer, or renewal to provide that no more than 40% of the revenues of the retailer are derived from the sale of alcoholic beverages.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 25503.22 of the Business and Professions Code is amended to read:

25503.22. (a) Nothing in this division shall prohibit the issuance, transfer, or renewal of any retail license to any person with respect to premises which are owned by, or operated by or on behalf of, the licensee, notwithstanding that a wholesaler licensed to sell alcoholic beverages in states other than California has an interest, directly or indirectly, in the premises, in the retail license or in the retail licensee, provided that each of the following conditions are met:

(1) The retail licensee shall purchase no alcoholic beverages for sale in this state other than from a California wholesale licensee, and the retail licensee shall purchase no alcoholic beverages from any manufacturer or wholesale licensee holding the ownership of any interest, directly or indirectly, in the premises, in the retail license or in the retail licensee.

(2) Not more than 40 percent of the gross annual revenues of the retailer are derived from the sale of alcoholic beverages.

(b) The Legislature finds that it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exception established by this section to the general prohibition against tied interests must be limited to its expressed terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that laws regulating alcoholic beverages are enacted at the earliest possible time, thereby protecting public health, it is necessary that this act take effect immediately.